DOCUMENT RESUME

ED 238 178 EA 016 276

AUTHOR	James, Estelle
TITLE	Pre-Conditions, Benefits and Costs of Privatized Public Services: Lessons from the Dutch Educational System.
INSTITUTION	Yale Univ., New Haven, Conn. Inst. for Social and Policy Studies.
REPORT NO	PONPO-WP-47
PUB DATE	Mar 82
NOTE	73p.; Best copy available. Parts marginally legible.
PUB TYPE	Reports - Research/Technical (143)
EDRS PRICE	MF01 Plus Postage. PC Not Available from EDRS.
DESCRIPTORS	*Cross Cultural Studies; Cultural Context; Cultural Influences; Cultural Pluralism; Educational Economics; Elementary Secondary Education; Financial Policy; *Government Role; *Government School Relationship; *Nonprofit Organizations; Parochial Schools; Private Education; *Private School Aid; School Choice; Sociocultural Patterns
IDENTIFIERS	*Netherlands

ABSTRACT

The system in the Netherlands of "privatization," a government policy of financially supporting private schools and encouraging people to use them, depends on conditions in Dutch society that are conducive to a large nongovernment, nonprofit sector. These include cultural heterogeneity, coupled with the lack of a single dominant culture and class parity among the various groups; organized religion as a basis for establishing nongovernment nonprofit organizations with a predetermined clientele; an influential historical legacy, featuring a shift from secular public monopoly to a highly pluralistic church-based system in the 19th century (due to a religious schism); and stringent selectivity in the public sector, giving rise to broad based cross-sectional support for private education. The economics of this system are analyzed in depth, including the issues of entrepreneurship and entry of new private schools, the public financing system for private education, and consumer fees and preferences. Finally, its social consequences are discussed, such as the increasing impact of the policy on supply of schools, cost efficiency, political support for school budgets; and social segmentation along religious, class, and other lines. Statistical tables are provided. (TE)

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Pre-Conditions, Benefits and Costs of Privatized Public Services: Lessons from the Dutch Educational System

by

Estelle James

PONPO Working Paper-47

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EA 016 276

PROGRAM ON NON-PROFIT ORGANIZATIONS

Institution for Social and Policy Studies

Yale University

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March 1982

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Pre-Conditions, Benefits and Costs of Privatized Public Services:
Lessons from the Dutch Educational System

by Estelle James*

This paper is part of a broader study which analyzes the determinants and consequences of the public-private division of responsibility for the provision of education and other quasi-public goods, using a comparative international perspective.[1] I examine here the experience of the Netherlands, a country which has relied heavily on non-profit non-governmental institutions for providing quasi-public services, i.e., services which yield a combination of private and social benefits. In Holland, typically, these goods are financed by the government or by compulsory social insurance, but are delivered by private non-profit organizations, often religious in nature; thus, the fundings and provision of services are separated.

Two sets of issues are considered in this paper. First, what light does the Dutch experience throw on the pre-conditions for a large non-profit non-governmental sector, broadly conceived? And secondly, can we learn anything from Holland concerning the problems that might arise if education, in particular, were "privatized" in the U.S.? By "privatization" I mean a government policy, such as a voucher or tax credit system, which encourages people to use private rather than public schools.

With respect to the first question: cultural heterogeneity, organized religion, historical forces and government policy are seen as important variables influencing the size and nature of the non-profit sector as a provider of public services. With respect to the second question: the Dutch educational system avoids many of the possible pitfalls of privatization; but a similar financing arrangement would probably work very differently in the U.S.

The paper proceeds as follows. Part I sets forth the major hypotheses and issues to be addressed. Part II summarizes the historical background of the public-private division of responsibility for education, in the Netherlands. Part III examines the issue of entrepreneurship and entry of new private schools, Part IV the unusual Dutch financing arrangements--public funding of private education. Part V considers consumer fees and preferences and Part VI describes government regulations which accompany the government funding. Parts VII and VIII analyze, respectively, efficiency and elitism in the Dutch system. Part IX asks: how does history influence the nature of the present equilibrium? Finally, the Conclusion sets forth a summary as well as some implications for the current American situation and the future of the Dutch system of privatized education.

I. Major Hypotheses and Issues

In my broader study, I set forth a number of hypotheses specifying economic, political and cultural conditions conducive to the growth of a large non-profit sector. It turns out that the development of the Dutch system of privatized education is consistent with many of these hypotheses, which are summarized below.

Hypothesis I: Positive association between cultural (e.g., religious, linguistic) heterogeneity and provision through non-profit organizations (NPO's). A high degree of cultural heterogeneity implies heterogeneous preferences with respect to type of education and other quasi-public services. Three patterns of provision may then arise, depending on the governmental response to this heterogeneity:

A. Single group dominance. If a single cultural group dominates politically and wishes to impose its preferences on all others, we would expect to find uniform public provision, with little state encouragement for NPO's.

Private (NPO) production based on voluntary contributions may, however, develop side-by-side, if not suppressed.

B. Pluralism with geographic concentration. If the various groups are geographically concentrated in different parts of the country and one group is not able or anxious to impose its preferences on the others, we would expect to find public provision, by local governments, each catering to a different constituency. Little private activity would then occur. In this sense, local governments and NPO's are competing institutional mechanisms for providing quasi-public goods.

C. Pluralism with geographic dispersion. If the heterogeneous groups are geographically dispersed and the pluralistic model is adopted, we would expect to find considerable provision through private (non-profit) organizations, heavily supplementing and sometimes replacing pure governmental production.

Until the late nineteenth century the Dutch experience was consistent with pattern A, members of the Dutch Reformed Church constituting the dominant group. Afterwards, the Dutch experience was consistent with pattern C, as Catholics and Calvinists forged a political alliance which made such domination impossible.

Hypothesis II: Close connections between organized religion and the non-profit sector. Religion was the basis for collective community action before separate secular states developed, and I would expect this role to continue, in vestigial form, in the non-governmental non-profit sector. Religious institutions are well suited to serve as NPO entrepreneurs: providing organizational ability, venture capital, and inexpensive labor (i.e., monks and nuns) to NPO's which serve their constituencies. This suggests that NPO's will be more important in countries which are less secularized and in which religion exists as an independent institution, separate from the state.

Hypothesis III: Relationship between elitism in the public and private sectors. If the government and its services are uniform and mass-oriented, we would expect to find an elitist private sector, which the upper classes are willing and able to support themselves. (The term "elitism" refers to product characteristics such as high quality and selectivity, which probably have a high income-elasticity of demand.) On the other hand, if the governmental service is differentiated and selective, with the upper classes having access to higher quality, elitism will not be a motivating factor in the growth of the non-profit sector. In the Netherlands, the entire educational system has long been characterized by early streaming, with extremely limited access to the university and the pre-university secondary schools, in the public sector. Thus, elitism was never an important reason for the development of private schools. The private sector was, in fact, a response to a mass movement; it is large and inclusive rather than small and exclusive; and the public and private sectors in education have similar class distributions of clientele.

Hypothesis IV: History matters, i.e., the nature of the current equilibrium and the path toward it during disequilibrium, depend partially on the nature of past equilibria. Once a particular public/private configuration has been established, various "forces of inertia" may retard the movement to a new equilibrium, after the original conditions have changed. These forces of inertia stem from models in which past behavior helps determine current behavior; for example, such influence may be exerted by long-term capital; importance of prestige, reputation or habit-formation; and power coalitions among interest groups, particularly producer groups, based on existing institutions. As a case in point, in Holland provision of education and other social services through NPO's developed as a response to the religious differences of the past century but continues now, even though society and the organizations themselves have been

secularized. To understand the NPO sector in the present, then, one must also look at the past.

Hypothesis V: Dependence of the NPO sector on the nature of the economic-political systems and the degree of governmental support. I would expect NPO's to play a smaller role in centrally planned systems and in systems where private enterprise of various sorts is prohibited. Going beyond that, I would anticipate a positive association between financial support from the government and relative share of the non-profit sector; also between governmental support and governmental controls over NPO's which, in the extreme, makes it difficult to draw a line between the public and private sectors. Government policy, ideally, should be treated as an endogenous variable, but unfortunately we do not have a complete generally accepted theory of the state which would enable us to do so. Thus, in this paper I treat it as a separate variable which is partially but not fully explained by the variables in hypotheses I and IV. Government policy is obviously the single most important factor accounting for the uniquely large role played by the non-profit sector in the Netherlands.

Hypothesis VI: Producer Control. I would hypothesize that when government financing is provided to NPO's, producer as well as consumer interests are often involved. Although economic theory stresses the benefits received by consumers as a normative rationale for public finance, the generation and protection of rents by producers is often the most important factor in positive analysis of government behavior. This is reflected in the use of the public funds (e.g., to raise salaries in addition to or rather than outputs) and in the kinds of accompanying regulations (e.g., designed to restrict competition and factor supply). In the Dutch case, both input and output effects are observed. Both in education and elsewhere, government subsidies have gone together with higher wages, professionalization and, more recently, increased decision-making power for the NPO work force.

I move on now to consider the second set of issues, those which set forth some of the important questions about consequences of privatization in education. Tuition tax credits, voucher systems, and government subsidies to private schools would all imply a shift of responsibility from public to private schools. While these plans have their proponents, many fears have also been expressed, including the following:

1. If more people want to send their children to private schools, will there be a sufficiently positive supply response to enable this? That is, will new schools be started and old ones expand to meet the enlarged demand?[2] In the U.S. one might expect that the number of places per school would be limited by quality and selectivity considerations, the number of schools by the fact that holders of equity capital have little incentive to invest in non-profit enterprises, given that they will not be able to receive dividends or trade their shares for capital gains.

2. Will "non-profit" schools in fact engage in disguised profit distribution, e.g., by paying above-market salaries or by other non-pecuniary distributions which are difficult to detect?[3] If so, this would mean that payments, including any public subsidies, would not all be used for the intended purpose, i.e., to meet the real opportunity costs of the intended service.

3. How will adequate quality standards be assured? Relatedly, if public funds are used, how will accountability and social control be maintained? If government controls are successfully imposed, does this also eliminate the benefits of privatization?

4. Would a larger private sector imply many small schools, which cannot benefit from economies of scale and, hence, will be costly to society? Along similar lines, would government regulations imply a costlier system then direct government production?

5. Would a shift to private schools increase the segmentation within society -- along racial, religious and class lines? In particular, would the wealthy elite be able to supplement the government subsidies and secure a better education for their children, thereby perpetuating their advantaged socio-economic position?

6. If more people go to private schools, will they be less willing to support high budgets for public schools, thereby weakening our public school system?

In this paper I examine whether these fears have proved realistic in the Dutch case. It turns out that some have while most have not. The latter are due partially to particular mechanisms the Dutch have adopted to avoid these problems, which could conceivably be replicated here, but even more so to broader structural features of the Dutch educational system and its role within society, which could not readily be replicated.

II. Historical Origins of the Dutch System[4]

The evolution of the Dutch system of primary and secondary education is unique in the Western world: we see a shift from a relatively secular public monopoly at the beginning of the nineteenth century to a highly pluralistic private religious-based system by the end. While secular public school systems were clearly in ascendancy in the rest of the West, the Dutch system was moving in the opposite direction and has remained there to the present day.

The Education Act of 1806 gave the state a monopoly over education; private schools could only be established with the consent of the state, which was not readily granted. Public education was nondenominational, its secular cast, however, consistent with preferences of the dominant Dutch Reformed group. The main effect of the public monopoly was to prevent the formation of separate Catholic schools.

Catholics constituted a large minority (about 35%) of the Dutch population. Although heavily concentrated in the South, near Belgium, they were nevertheless found also in substantial numbers in the central and northern provinces. From the time of the Netherlands' war of independence from Spain in the sixteenth century, Catholics had been regarded with suspicion and occupied a subordinate position. Their right to practice their religion, as well as establish schools, was severely restricted to the dominant Dutch Reformed group. Model A of Hypothesis I clearly applied.

However, after the French Revolution and Napoleonic invasion, at the turn of the nineteenth century, Dutch Catholics began to enjoy greater religious freedom. In 1848 the situation was further liberalized and private groups were given the right to establish their own schools -- using their own revenues. The state no longer had a monopoly, but did have advantageous access to resources. Nevertheless, we begin to see the appearance of separate Catholic schools, financed by voluntary contributions and free teaching services of monks and nuns, as soon as they became legal. (See Tables I and II.)

At the same time another religious group was developing in size and political power in the Netherlands -- the Re-reformed Dutch Church or Calvinists. These were orthodox Protestant sects that grew during the period of religious revivalism, dissatisfied with the secularism and liberalism of the Dutch Reformed Church. In addition to their purely religious functions, the Calvinists formed their own Anti-Revolutionary Party and became a potent political force. Thus, instead of one dominant and one subordinate group, by the mid-nineteenth century Dutch society was split three ways, leaving room for the formation of coalitions and new policies.

Regarding the issue of education, each group had a different "first preference," the Dutch Reformed preferring a relatively secularized system of

public education, the Catholics preferring separate public and private systems, both with state support, and the Calvinists preferring a public school system with a strong fundamentalist theology. Given the size and strength of the Catholics and liberal Protestants, however, it was clear that the Calvinists would not be able to achieve their first-best goal. Thus, they formed a political alliance with the Catholics to achieve their second-best goal: complete state subsidy of private schools, in which each group could teach its own religious philosophy. The Catholic-Calvinist coalition, with this educational program as its major issue, now had a small majority over the Dutch Reformed-dominated Liberal Party, came to power in 1889 and successfully obtained limited state support for private schools. From this point on we see the development of Model C, Hypothesis I.

Power see-sawed back and forth between the Christian and Liberal parties over the next 25 years, with state support to private schools gradually increasing but still not complete. Concomitantly, still another political group was developing -- the Socialists. Thus, in the 1913 election neither the Christian nor the Liberal Parties could gain a clear majority, since the vote divided 49%-45% between them, with the Socialists holding the 6% balance of power. The main political objective of the left was universal manhood suffrage, a change which would require a Constitutional amendment, hence a 2/3 vote. In other words, a majority (of Socialists plus Christians) now favored some fundamental change in the system. And no one group was able to get what it wanted without reaching some agreement with the others. The 1913 electoral crisis was resolved by a "logrolling" arrangement in which each group got what it wanted most, giving in on the other issues: while the Liberal Party formed the basis for the new government, the Socialists got universal manhood suffrage and the Christians got full financial parity for their private religious schools.

Moreover, these principles were accepted as long-term rather than short-term decisions, and were embodied in the new Constitution of 1917.

"Separate but equal school systems" became a central component in a society which was sharply segmented along religious lines during the first half of the twentieth century. Not only education, but also most other collective activities, such as health care, social services, media, political parties and trade unions, were provided separately by and for each religious group, in a process known as "verzuiling" (columnization or pillarization) of society. Many of these activities were funded privately, often on a voluntary basis, initially; but even when financing was taken over by the state, religious-based organizations continued to provide the service. In the following pages I examine with particular care how the separation of financing from service delivery worked in the field of education.

III. Entrepreneurship and the Supply Response

The principle of financial parity for private schools, embodied in the 1917 Constitution, was implemented in detail by the 1920 Law on Primary Education. Similar procedures were later applied to secondary schools, nursery schools and, to a lesser extent, to universities. The major issues to be dealt with were the division of decision-making power and financial responsibility for the establishment of schools, the hiring of teachers, the determination of curriculum and pedagogical techniques, and the setting of tuition charges. I deal first with the primary school situation and then, more briefly, with the extension to other levels of education.

One of the major issues in the theory of NPO behavior is: How do such organizations get started? In the absence of a profit motive, who will provide the entrepreneurship -- the leadership and the venture capital for starting new enterprises or, in the case of education, new schools? If government policy

encourages privatization in order more fully to satisfy consumer preferences, the incentives and conditions for entry are obviously crucial.

The 1920 Law on Education solved the entry problem by enabling relatively small groups of parents to start their own school and by requiring the government to provide almost all initial capital costs as well as on-going current expenses. The law provided that if a specified number of parents got together in a formal organization (a "foundation" or an "association") and requested an elementary school with a particular religious or pedagogical philosophy, the municipality had to provide them with a building and non-personnel costs, while the central government would pay teacher salaries. The requisite number of parents varied by size of municipality: 125, 100, 75 or 50 for municipalities with residents of more than 100,000, 50,000-100,000, 25,000-50,000 or less than 25,000, respectively.[5] Thus, only a minimum amount of organizational and political skills were needed to set up a private elementary school.

It is noteworthy, then, that most of this entrepreneurship came from the church; in general, unrelated groups of parents did not come together to form secular private schools. Instead, the parents involved already knew each other and leadership was provided by their priest or minister. In the Catholic Church, the "foundation" form or "stichting" was used: for each geographic area, a foundation, with a self-perpetuating board, was set up to determine where schools should be placed and to assemble the required number of parental signatures. The organization was, thus, "top-down" and hierarchical, with a representative of the Bishop present on most stichting boards. The Protestant sects were more decentralized and variegated. Typically, a congregation would constitute an "association" or "vereniging", with all members electing a board that established and ran the school.

A few neutral private schools were also established, usually espousing a particular pedagogical technique, such as Montessori, Dalton, or Rudolph Steiner. These parents were brought together through word of mouth in their place of work or residence, or through newspaper advertising. The neutral schools are concentrated in large cities and small in number; i.e., the private primary sector in Holland is 95% church-related.

Further statistical evidence on this point is provided if we examine the data disaggregated by province. The private/public division of responsibility for education varies widely by province, as does the representation of Catholics and Calvinists in the population. My expectation was that since these groups have the strongest "taste" for religious education, the proportion of Catholics plus Calvinists would be positively correlated with the relative share of the private sector, i.e., the higher the former, the higher would be the latter. When I tested this hypothesis using data on religious affiliation for 1977 and primary schools for 1979, I obtained an r^2 of .85.[6] Thus, the Dutch experience in education (as well as other quasi-public service areas) is consistent with a common phenomenon in other countries -- the key role of religious organizations in explaining the growth of the private non-profit sector.

While one important need in a privatized system is to make entry easy enough for institutions to respond to consumer preferences, the other need is to make it hard enough to prevent "whimsical entry." This is particularly important if some of the resources are long-term, which should therefore be committed on the basis of long run rather than short run demand. This problem was solved by requiring the groups of parents to post a bond equal to 10% (originally 15%) of the school building's cost, returnable to them if the building remained fully occupied after 20 years.[7] Usually this bond was provided by the religious congregation, often borrowed from a bank. The building itself,

although erected by the municipality, "belonged" to the private school, a concept of property ownership which will be discussed below, in connection with the responsiveness of the system to changes in taste and demography. The key role of the church also helped to ensure stability: the groupings were not based on temporary friendships or fads but on more permanent religious affiliations.

In the case of secondary schools, where more capital resources are involved, the entry procedure is somewhat less automatic, in order to deal with this long term problem. Here, the Minister of Education is required to set forth an annual "plan," which specifies the state, municipal and private schools to be supported in each area, for the next three years. Negotiation and discretion, in which each group tries to convince the Minister of the need for "its" own school, thus play a more important role. One mechanism used by private groups in the past was to self-finance for the first few years, to demonstrate that a demand existed; obviously some financial support from the church was particularly helpful here. However, in the end, the public-private configuration at the secondary level was very much like the elementary. The somewhat different experiences at the nursery and university levels will be discussed below in Section IX, on the importance of timing and history.

Given the ease of entry, the provision of entrepreneurship by organized religion, and the provision of capital and other costs by the government, the huge supply response of private school places is not surprising. Public schools were also provided directly by municipalities. Data on the public-private responsibility for education from 1850-1980 is provided in Tables I and II, and shows the dramatic shift that occurred when government subsidies became available, at the primary and secondary levels.

As of 1880, 75% of all primary students were attending public schools. Between 1880 and 1925, as more children enrolled, the numbers grew in both the

public and private sectors, but the relative share of the former declined to less than 50%. Aftr 1925, the number of public schools and students declined in both absolute and relative terms, with the private sector moving in the opposite direction, until World War II. By the end of the war, a new equilibrium had been reached. No longer were there substantial denominational or other groups of parents who felt that the benefits (i.e., the religious or pedagogical variety) outweighed the costs (i.e., the time, effort and interest on the 10% bond) of establishing new schools. While absolute numbers in both sectors increased slightly after that in response to population growth and opening of new neighborhoods, the sectoral shares had roughly stabilized, fluctuating only modestly in the range 27-31% public, 2% private secular and 67-71% private, religious -- almost the mirror image of the situation 100 years ago. The corresponding equilibrium distribution of school sizes yielded an average of only 160-175 students per school during this period.

A similar but more elongated pattern emerges for secondary grammar schools, with the public enrollment share 95% in 1880, declining thereafter. General secondary school enrollments (junior secondary plus secondary grammar) have continuously increased in Holland, over the past century, as a larger proportion in the relevant age group have continued their education, but the private sector steadily increased its share until an equilibrium of 28% public, 6% private secular and 66% private religious appeared to be reached by the early 1970's.[8] The secondary schools, with larger capital requirements and program diversity, were much larger in size (an average of 545 students per school in 1980) than the primary schools. Whether these numbers, achieved through a decentralized cost-benefit analysis, are large enough for social efficiency, is discussed in a later section.

The Dutch experience suggests that, if greater public support for private schools were provided in other countries, the greatest beneficiaries would be the religious groups that are best able to set up new schools. In a more secularized society such as the U.S., the supply elasticity of non-denominational schools would probably be somewhat greater, but the supply elasticity of the system as a whole would probably be much less than it was in Holland.

IV How Schools Are Financed

Basically, the Dutch method of financing primary education operates very much like a voucher system, with strings attached. In effect, each family gets a voucher equivalent to the per capita cost in the local public school (approximately $1300 for current expenses in 1978)[9] which must be spent on education. The school which receives the voucher is then entitled to funding that will cover specified amounts of teacher salaries and other expense. Private schools can and do supplement this voucher by charging ancillary fees; however, this right is severely limited, as discussed in the next section. Municipal public schools collect similar vouchers from parents, but may not charge additional fees during the ten years of compulsory schooling, ages 6-16.

The actual process by which private school costs are covered is more complicated and has three fundamental characteristics: the central government has most of the taxing power and pays most of the costs; a limited degree of local government discretion is allowed; and substantial restrictions are imposed on the ability of private schools to raise and spend funds as they please.

First of all, the central government pays all teacher salaries directly, both for public and private schools. These salaries are based on fixed scales that take into account education and experience: Schools are not permitted to supplement the salaries, e.g., to try to attract better teachers by paying higher salaries. The number of teachers to which a school is entitled depends on its

number of students, according to a schedule which embodies a faculty/student ratio of approximately 31/1. Additional teachers are provided for disadvantaged and other special student categories, on an equal basis to both public and private schools. (Municipalities may pay for extra teachers in their public schools, but, if they do so, they must add an equivalent number to the local private schools; their limited taxing power means that few additional teachers are hired.) Since 80-90% of all current school expenditures are for teacher salaries, this immediately places the bulk of budgetary decisions in the hands of the central government.[10]

As noted above, the buildings for both public and private primary schools are provided by the municipality -- but with reimbursement by the central government for interest plus depreciation or for rent.

Remaining is a small fund for operating expenses, which the school may allocate at its discretion among activities such as maintenance, cleaning, heating, libraries and teaching aids. This sum is determined separately by each municipality, which must then give all public and private schools the same per capita amount, usually about $200.[11] However, to avoid regional inequities, most Dutch taxing power has been centralized and the central government in turn reimburses the localities.

How does this system reconcile local control with central financing? The central government pays each locality a "block grant" based on a variety of factors, including size and density, and also an "educational grant" based on its actual expenditures in 1968; municipalities are then free to allocate the sum of these as they please.[12] In other words, municipalities are free to vary the bundle of public services provided (e.g., they can choose the desired level of expenditure on education versus police and social service) but not the public/private product mix over-all, which is centrally determined.

The financing procedure is somewhat different at the secondary level. Here, there are state as well as municipal and private schools. Once again, all teacher salaries and building costs are covered directly by the central government. In addition, municipal and private secondary general schools which are included in the Minister of Education's three-year plan get the same discretionary fund per capita as do comparable state schools. Secondary vocational schools have more individualized cost structures which are fully reimbursed by the central government, after a negotiated agreement on budget has been reached.

One of the concerns in this country is that if a private school system were implemented, financial support for public schools might decline. For example, if a community's public school budget is determined by the median voter, and if the median voter sends his child to a private school, he may opt for a very low public school budget, quality level, and tax rate. In Holland this danger is avoided simply by tying private school budgets to public, as described above, and by limiting their power to charge tuition. From the budgetary point of view, every voter in a community is in the same school system. But while a gross deterioration of the public schools is thereby avoided, this is at the cost of greatly restricting the ability of the privates to make their own spending decisions. This point will be elaborated upon below, when I discuss "the strings to government financing."

V. Consumer Fees and Preferences

As noted above, the first ten years of public schooling are legally free, while small fees may be charged by higher secondary schools and universities. At all age levels, however, private schools are allowed to impose their own fees -- ostensibly for "educational facilities" (e.g., libraries and swimming pools) rather than for "education" per se. Information about private fees is not relayed to the government and is jealously guarded, so I could not secure

precise data. Parents and school authorities, however, indicated they range between $100 and $200 per year at most primary schools, slightly higher at the secondary level -- very modest by American standards.

Why have the fees remained so low? First of all, "education" itself is supposed to be free, and many schools fear that an excessively large fee might disqualify them from receiving the large government subsidy -- a risk they can hardly afford to take.[13] In addition, market competition keeps fees low, particularly in view of the easy entry conditions and the current declining school-age population. Other reasons why elite selective schools that charge high fees have not developed in the Netherlands will be discussed in Section VIII.

Even these low fees are not obligatory. In the past, in many schools, if a family could not afford the fee it would usually be waived. There is a good economic rationale for this: If the school has some excess capacity, its revenue per student from the state far exceeds its marginal cost, so it is better off accepting the child even if the parents pay nothing. This economically motivated rationale will be reinforced by the state under a new law taking effect in 1983, at which time failure to pay a school fee will not constitute legally acceptable grounds for excluding a child from a private school.

The fact that 70% of parents are, however, willing to pay a positive fee to send their children to private schools indicate that the latter are, indeed, preferred by consumers. Part of this preference, of course, comes from religious identification. However, as discussed in Section IX, the proportion attending private schools has not declined with the increasing secularization of Dutch society, suggesting that other forces are also at work.

Discussions with Dutch parents and educators indicate that the preference for private schools stems from the belief that they are more personal and responsive to parental wishes, that they spend their funds more effectively and use

their fees to secure better facilities. Also, private schools, in effect, label their ideology ahead of time, so parents know what they will be getting, in contrast to public schools which ostensibly have no ideology, except that which the individual teacher adopts. It should further be acknowledged that, with 70% of the schools private to begin with, parents are more likely to find the quality or other product variant that they want in the private sector. For example, parents of elementary school children may, ceteris paribus, choose the closest school, which is likely to be private. Thus, as discussed in a later section, the public/private division of educational responsibility is likely to perpetuate itself, once established. On the other hand, this system does give parents some choice, which many seem to exercise in a non-random way.

VI. Governmental Regulation

A major issue in the non-profit field concerns the relationship between government funding and government regulation. Does more of the former imply more of the latter? In the case of the educational system in Holland, there is indeed a considerable amount of both, consistent with (but certainly not proving) a positive correlation between the two.[14]

Significantly, most of the regulations apply to inputs rather than outputs. This appears even more in other non-profit sectors in the Netherlands, such as health and social service. One rationale is that inputs are easier to measure and control than outputs. In addition, this observation is consistent with my hypothesis that government financing is often a response to producer interests rather than consumer interests, and the regulations are designed (partially) to protect these interests.

I have already noted some of the controls over inputs. Historically, teacher costs were the first inputs to be government financed and regulated. Teacher numbers (based on student/faculty ratios) and salaries, as well as

required teacher credentials, are centrally determined, as are hours and other conditions of work. We also find rigid restrictions on the school's ability to fire teachers, stemming partially from the fact that their salaries are paid by the government and hence they enjoy quasi-civil service status. The order of firing is specified, not discretionary, and depends on age and seniority, not competence.

The building cost is also separately determined, as is the small fund from the municipality for meeting other current expenditures.

While these regulations are justified as an attempt to achieve equality, they give the private school very limited discretion to choose the preferred point on its production function. It has no incentive, for example, to economize on building costs in order to buy more books. Nor can it hire three young teachers instead of two with more seniority, even though these alternatives might cost the same. In contrast, in the American situation, private schools, which are privately funded, are more likely to have lump sum budgets with transferability among input categories; they are likely to employ teachers with different credentials and salaries than public schools; and some would probably be reluctant to give up this flexibility in return for more state funding. If one argument in favor of decentralization and privatization is that the schools know more about their own teaching technology than does a central government official, then the Dutch arrangement does not allow them to exploit this potential advantage, since the schools cannot freely vary their factor proportions to minimize the costs of producing a given output.

Direct controls over outputs also exist. All schools must follow a uniform curriculum, which specifies the number of hours to be spent on each required subject each year. All students must take a uniform national exam at the end

of elementary school, and in major subjects at the end of secondary school; these exams, which help determine admissibility to further education, serve as an important control mechanism, since all teaching must be geared to helping the student perform well. In addition, central inspectors periodically check on the activities of each school, to assure that all input and output regulations are being followed.

Controls extend, too, over the distribution of service and the criteria for selecting students. For example, the government places de facto limits on the fees that schools can charge and on their right to exclude students who do not pay. At the university level, public and private institutions coexist and students are allocated among them by a central governing body. In those fields with excess demand for places (e.g., in medicine), students are admitted on the basis of a weighted lottery, the weights depending on performance on the national exams. Compulsory subjects and examination requirements are also centrally determined and common for all universities. Thus, private universities cannot establish their own criteria for entry or exit, a prospect which would cause unhappiness among most American private universities.

However, subject to these broad restrictions, educational institutions at all levels are permitted to teach in the manner they please. They can choose their own texts and their own teachers, including the possibility of using religion and life style as a criterion for hiring. Each denomination runs its own government financed teacher-training colleges, which are empowered to grant certification providing the required curriculum is followed. Teachers can choose their own day-to-day classroom delivery. Certain subjects, such as history, have been taught in very different ways in different denominational schools.[15] Other school characteristics have also varied by religious group historically; for example, Catholic schools were more likely to be single sex rather than

co-ed and to employ a high proportion of female teachers, probably nuns. However, these differences appear to be declining, with the secularization of society.[16]

One of the most recent and interesting areas for government control is over the decision-making process at schools and other NPO's, the rationale being: if governmental funding is provided and authority is delegated to NPO's, society needs some assurance that their decision-making structure is democratic. This issue has arisen, in particular, in connection with two developments -- the university student pressure for democratization in the 1960's and, at primary and secondary levels, the inconsistency between religious control of schools and secularization of society in the 1970's. The response to both situations has been new laws mandating decision-making by teachers, parents, and, at higher educational levels, by students as well.

Parental participation, however, appears difficult to mobilize; public apathy in Dutch society has frequently been noted,[17] perhaps because people have the option of exercising exit rather than voice, the right to choose, rather than to influence, the nature of their education and other quasi-public goods. The net result of the new legislation is, therefore, likely to be greater power to the teachers. This is consistent with the trend toward increased professional power in other social service fields and with the hypothesis that government regulations will have the effect of protecting producer rather than consumer interests.

VII. Cost and Efficiency

The evaluation of the Dutch system depends partially on its efficiency properties. The chief benefit of the system is that it provides product variety and gives consumers a choice -- thereby enabling preferences about school characteristics to be satisfied. The corresponding costs of variety and privatization depend on a number of factors, including the existence of scale economies, transportation costs, the expenses of regulation, the relative cost-effectiveness of public and private schools, and the responsiveness of the system to disequilibrium and innovation. Each of these is dealt with briefly in this section.

The Dutch system is implicitly based on the assumption that there are few economies of scale, particularly in elementary schools, hence few cost disadvantages to having many small differentiated schools. As noted above, a new school can be started if desired by as few as 50 parents, and the typical primary school in Holland has only 160 students, very small by American standards. If the minimum point on the average cost curve is substantially above these numbers (or if higher quality can be achieved at lower average cost with larger numbers), as some of the evidence from other countries suggests,[18] the Dutch system may end up with "too many" private schools for cost efficiency or high quality; and the drain of students from the public schools would impose a similar cost there.

To study whether scale economies exist in the Dutch school system, we would want to compare average costs at schools of different sizes, holding constant student inputs and quality of output (i.e., value added by the school), and assuming that all schools are free to choose the least-cost production technique for each size. In fact, however, schools are not free to choose their preferred technology; instead, as we have seen, they are assigned specific production factors, which may not be a least-cost combination, by the central government. And, we have no way of knowing whether educational quality is

constant for schools of different sizes. Therefore, the Dutch data do not enable us to examine whether real technologically determined scale economies exist.

We can, however, study another question: Do the reimbursement schedules followed by the central government imply lower or higher monetary costs for larger schools? Here, it is clear that if municipalities were free to assign students to each school until a point of "full capacity" was reached, education could be provided at much lower cost. For example, "full enrollment capacity" for a primary school with six teachers is defined by the government to be 199 students; this enables one class per grade. If, however, such a school is broken into halves (one public and one private), higher building costs are incurred and, in addition, each is entitled to four teachers -- a cost increase of 33%. If it is instead broken into thirds (public, Protestant and Catholic) -- each is entitled to three teachers, a 50% cost increase.[19] Similar calculations reveal that the "average" primary school in Holland today has 159 students and a student-faculty ratio of 27.5/1, compared with 199 and 33/1 at full capacity, thereby increasing teacher costs by 20%, number of buildings by 25%. Since teacher salaries are 80-90% of all current expenditures and building costs are the largest component of capital expenditure, the cost savings from rearranging students would obviously be substantial.[20] This "small size" problem will be exacerbated as the school-age population declines, in the coming decade.

Real economies of scale are likely to be particularly great at the secondary level, because of their higher equipment needs and program diversity. The Dutch government has, consequently, encouraged the development of larger secondary schools, by giving more facilities to such schools. Ironically, such an incentive system tends to make larger schools more expensive than the smaller ones and creates the appearance of diseconomies rather than economies of scale. Moreover,

school mergers eliminate choice and create natural monopolies at the secondary level in many (small) municipalities, raising questions about the justification for delegating authority to a private group which is not ultimately chosen by and accountable to the public at large.

Lumpy resources such as specialized teachers, computers and libraries can, of course, be handled in another way -- by shared facilities. For example, in Holland each municipality has a "technical advisory office" which makes specialized staff available to both public and private schools. However, many private schools want their own technical advisers with a compatible religious ideology. Thus, sharing is sometimes carried on through the regional educational organization of each denomination -- but at the cost of heavier (time and transportation) travel costs.

Suppose that the management of each private school had the sole objective of maximizing quality for any given cost. Then, if schools are operating with excess capacity (i.e., below the minimum point on their cost curve or the maximum point on the quality curve, feasible for the given per capita funding) they will have an incentive to merge with each other to achieve greater efficiency. Similarly, the public schools from two small municipalities might merge. Indeed, as enrollments decline due to the declining school-age population, such mergers are taking place.

However, it is likely that the objective functions of school managers include goals other than school quality -- e.g., perpetuation of religious tradition and local autonomy -- which may cause them to prefer separateness even though merger would be efficient for cost and quality reasons. (This may be particularly true for the many small Protestant sects; it is interesting to note that their schools tend to be smaller than those for Catholics, on average).[21] These other considerations may also be deemed socially worthwhile;

that is, society may indeed be willing to pay for them, in terms of higher funding or quality foregone. To the extent that the preferences of school managers simply reflect these non-measured collective preferences, their decisions about the desirability of merger will be socially optimal. On the other hand, if school managers place a greater value on religious and local differentiation than does society at large, as is probably the case, their private cost-benefit analysis will differ from the social cost-benefit analysis, and they will opt for schools that are too many and too small.

Besides the potential loss of scale economies, the Dutch system imposes higher transportation costs than would a neighborhood school monopoly system. Children must travel, sometimes long distances, to the school of their choice. These transportation costs include the resource costs of busing (equipment, gasoline, etc.) and the time cost of the children. It would appear, however, that these costs do not create an inefficiency in Holland -- although they might in other contexts. Much of Holland is densely populated and its system of public transportation is highly developed; hence the marginal cost of additional riders getting to and from schools is relatively low and probably covered by the small fee which the children must pay. Similarly, the real cost of the children's time is presumably taken into account by the family, in making the decision about whether to send them to a nearby school or one which is further away but preferred. The fact that most of the marginal transportation expenses are borne by the household involved, at its own choice, suggests that the benefits outweigh the costs, both privately and socially.

Privatization of a compulsory publicly funded service also involves regulation, and this is one of its costs. Not only do the schools incur their own managerial expenses, but the government authorities also incur the expense of looking over their shoulders, imposing rules, and checking to see that the

rules are complied with. For example, an extensive system of state inspectors visits each primary school periodically. The Ministry of Education must negotiate with and audit the books of approved secondary schools annually. As a corollary, schools must pay the expenses of regional and central organizations, at least one for each denomination, to provide them with legal and political assistance in this process.

While this is a real cost of the Dutch system, it should be noted that similar costs would be incurred if most schools were run by the municipalities with central government funding; in that case, the state would have to check up on the local authorities, rather than on the private schools. This is the situation, for example, in Sweden, where a large state bureaucracy oversees the system of local public schools. And direct provision by the central government would require the cumbersome monitoring of lower by upper bureaucratic levels. It is not clear a priori which of these three systems entails higher administrative costs.

In evaluating the efficiency of a privatized system it would be useful to compare the relative costs of public and private schools. Unfortunately, given the method of funding in Holland, it is impossible to make this comparison. As described above, private schools in the Netherlands are given the same government funds per capita as public schools in their own community; they spend it all, plus the small additional fee they receive from parents. Thus, the private schools are slightly more costly than the publics, and to analyze their relative efficiency we would have to compare outputs, rather than inputs. What is the "value added" by the two school types, controlling for any differences in the entering student raw material? As students of the human capital literature are well aware, this is a difficult question and one which I do not have the data to answer. Moreover, I have already described the regulations over inputs

which limit the discretion of the privates and force the public and private schools to operate with similar factor combinations.

I can, however, report on peoples' attitudes and impressions about this question. The fact that 70% of all parents are willing to pay something extra for private schools suggests that they believe they are getting more for their money there. Most of the people involved in education and public finance, with whom I discussed this issue, believe that private schools spend their revenues more effectively than publics, because they are more flexible, less bureaucratic, and are carefully overseen by a board of directors specifically concerned about the welfare of the school, rather than by a generalized municipal administration. We do know that, on the average, private and pubic schools spend their "discretionary funds" somewhat differently, the latter paying more for "maintenance and cleaning," the former having more left over for various "educational facilities."[22] This may be due to the fact that private schools can hire the cheapest available services in the market place while public schools are constrained by arrangements made at the municipal level, which may be costlier. An OECD study of pre-primary education in Holland suggested that private nurseries were less expensive than public nurseries.[23] However, the full evidence on this issue is as yet unavailable.

Finally, it is important to evaluate the flexibility of the system, i.e., its responsiveness to changing economic-demographic conditions and to educational innovation. Specifically, what happens when the number of school-age children declines, as is the case now? If the size and distribution of schools was optimal before, it no longer is; how does the system adjust to this disequilibrium situation?

The problem of underutilized schools, and the difficulties involved in shutting them down, are certainly present in pure public school systems, as we

see in the U.S. today. However, they are probably exacerbated in the Dutch system, where each group is anxious to keep its own school open, and uses its political power to do so. Officially, once enrollment in a school falls below a specified point, it may be closed by a municipality. However, the minimum required enrollments are very low; and, moreover, municipalities are reluctant to close them down even when that point is reached. In the meantime, the school operates with excess capacity and underutilized space, in a building which is technically "owned" by the school board even though it was built by the local authorities. The inefficiency is even more evident if a new religious sect has moved into the neighborhood and is demanding its own school and building, at the same time.

Until recently, private school boards had complete control over their building, so long as the school was operating. However, recurrences of the situation described above led to a change in the law, so that municipalities now have the right to allocate underutilized space to some other educational purpose. Furthermore, once a school is closed down, the entire building reverts to the municipality; i.e., the school board cannot sell it and make a profit. Thus, "private ownership" means specified "use rights" but not "rental rights" or "exchange rights" over the school building.

The private schools themselves are adjusting in other ways to the declining demand. For example, some secondary schools are using their excess capacity to offer classes for adults, particularly housewives, who did not secure an equivalent education in their youth. The regional Catholic organizations are drawing up plans for closing schools in ways which would minimize disruption to their clientele, and are temporarily subsidizing, from endowment funds, some of those in worst financial difficulty. Mergers of Catholic and Protestant schools into unified Christian schools are beginning to take place. Given the small size of

the schools to begin with, however, and the pressures against merger, as discussed earlier, it would seem that the highly fragmented and privatized Dutch system is particularly subject to inefficiencies during a period of contracting disequilibrium.

Finally, I conclude with a few comments on its responsiveness to educational innovation. The big advantage of the school system in Holland is its potential diversity. Much of this diversity, we have seen, is based on religious rather than pedagogical differences. Nevertheless, we do find secular private schools which emphasize and experiment with particular educational philosophies, such as Montessori, Dalton, and Rudolph Steiner, and parents who prefer these techniques are able to start their own school, if one does not already exist. Thus, there is great potential for innovation in individual schools.

On the other hand, system-wide innovation is inhibited by its fragmentation and heterogeneity. For example, when the Minister of Education wants to combine nursery and primary schools, or to introduce the concept of "comprehensive middle schools" in order to postpone the streaming which now takes place at age 12, he faces a difficult job of persuasion. He must secure the concurrence, not only of the state and municipal authorities, but also of the central organizations representing each of the denominations, which wield considerable political power. Unless all of these parties agree, system-wide change cannot go forward -- leading to a sluggishness which is one of its costs. This may help account for the fact that, while the Dutch system of funding education might be termed innovative, the Dutch educational structure remains one of the most traditional in Europe.

In summary, teacher costs and costs of buildings and other lumpy, specialized, educational facilities in the Netherlands are probably about 20% higher than they would be in a more monolithic efficiency-oriented system. This is the main price paid for product variety, and it is exacerbated in the present

disequilibrium declining environment -- although some mechanisms are being developed to mitigate these effects. Higher transportation expenses are also implied, but are largely taken into account by private cost-benefit calculations. Costs of regulation exist, but may not be greater than in any other publicly funded system. Ironically, while the Dutch system encourages diversity among schools, and innovation in individual schools, it makes overall structural change very difficult to achieve, and for people who oppose the social stratification inherent in the present system, this is one of its costs.

VIII. Selectivity and Elitism

In the U.S., one of the arguments against privatization is that the rich and middle classes would vote for low cost, low quality public schools, thereby saving on taxes, and would send their own children to high quality private schools. We would therefore get a segmentation of education along class lines, and a perpetuation of class differentials. Has this occurred in Holland?

It is true that certain "problem" and "special" groups, such as the children of the guest workers from Turkey and Morocco, are heavily concentrated in the public schools.[24] It is also true that residential segregation by class has produced some educational segregation by class, as in the U.S. However, for most communities, and for the country as a whole, the entire class spectrum is represented in both the public and private sectors of the educational system.[25] Moreover, at the elementary level, selective or exclusive schools seem rare.

Why has the private school system not become the elite school system? Part of the answer lies in specific restrictions imposed by the government. For example, schools are not supposed to charge for "education," only for "educational facilities," and in the future will not be able to exclude students for non-payment. Therefore, price rationing as a method of achieving educational differentiation by class is legally limited. Relatedly, schools are not able

to attract better teachers by paying them higher wages, since salary scales are determined by the central government.[26] These kinds of rules could be replicated in the United States, if we moved toward public funding of private schools; we would probably find that some private schools would be willing to accept the rules together with the funds, while others would prefer to forego both and retain their autonomy. We would probably also find that, even if these rules were imposed, class segmentation would result if private schools were permitted to select their own students. Thus, we need a more fundamental explanation for the absence of elite private schools in Holland, and I believe the explanation lies in the overall structure of the educational system as well as the relationship between education and society.

First of all, I have discussed above the religious basis for most private schools, which tends to make them "inclusive" rather than "exclusive." In particular, in small communities where only one primary school from each denomination may exist, it cannot be selective along class or ability lines.

Further insight is obtained if we examine the internal structure of the educational system, i.e., the high degree of "streaming" or "tracking" within the public as well as the private sectors and the interrelationship between the higher and lower levels of education. Education in Holland is still characterized by a low proportion of university attendance and a streaming system which determines at an early age who will occupy those places -- a system which gives an advantage to students coming from high socioeconomic backgrounds and which most other European countries have gradually abandoned during the post-World War II period.

At the age of 12 or 13, upon leaving primary school, most Dutch children make choices that determine their future access to further education. Approximately one-third (30% in 1979) go into "junior vocational training," preparation

for occupations such as agriculture, domestic service and retail trade. The remaining 70% go into secondary general education.[27] However, a multiplicity of tracks exist at this level, including a junior secondary track known as MAVO, which primarily prepares students for senior vocational training; HAVO, which prepares them mainly for higher technical training; and VWO -- the major pre-university route. Most general secondary students opt for MAVO. In 1979 only 11% of students at the lower secondary stage were enrolled in VWO and only 5% of all 19-year-olds were attending university. It is true that another 11% attended various technical colleges and a still larger group attended senior vocational training (which is roughly equivalent to community college in the U.S.), so that the proportion receiving some kind of higher education is not very different from that in the U.S. Nevertheless the fact remains that different secondary school tracks led to each of these higher educational institutions and occupations, with the basic choice made at a very early age.[28]

Moreover, these choices are highly correlated with family's socioeconomic status, both historically and currently. For example, in 1954 the ratio of lower to upper class students enrolled in junior secondary schools, secondary grammar schools and universities were 8/1, 1/1, and 1/5, respectively.[29] More recent data is somewhat less exaggerated but still consistent with this pattern.

Although the final choice of secondary school-type is made by parents, it is heavily influenced by the advice of the primary school headmaster, which in turn depends partially on the student's score on the sixth grade national exam. Students coming from upper class backgrounds are more likely to receive higher test scores and, for any given score, their headmaster is more likely to recommend a higher track secondary school. In addition, upper class parents are more likely to send their children to VWO despite negative headmaster advice. The net result is a heavy bias in the class distribution of pre-university students.

The class distribution of exam scores in 1977 is shown in Table IIIA, the headmasters' advice for each score in Table IIIB, and the school advice combining these two factors in Table IIIC. There we see that over half of all high salaried employees send their children to a school offering VWO or VWO + HAVO and only 7% go into junior vocational training, while for the working class these numbers are 16% and 43% respectively. Thus, Dutch upper class families need not look for elite private schools if they want their children to associate with other achievement-oriented students from similar backgrounds; they can accomplish the same thing simply by utilizing the highly selective pre-university track which is found both in the public and private sectors.

This conclusion is further reinforced by a variety of procedures within the educational system which have the consequence of minimizing the importance of the particular school attended. As noted above, universities (even the private ones) do not select their own students. Instead, students are centrally assigned, with a lottery used in cases of excess demand, and without taking identity of secondary school into account. Thus, one university cannot develop a reputation for having a "better" student body than another, nor can admission to such a university be an inducement for attending a "better" secondary school. Moreover, if prestige of secondary school does not matter, it follows that prestige of primary school is also relatively unimportant: You don't need an elite elementary school to get into an elite secondary school to get into an elite university to get a good job. Under these circumstances, parents may be unwilling to pay high tuition for a private education, since they can achieve (almost) the same results by attending a free public school; this in turn keeps private tuition low and private schools available to all classes.

In conclusion: In the U.S. we are concerned that privatization may lead to class segmentation in education. The Dutch experience suggests that this

will not happen, under certain circumstances. Some of these circumstances, including restrictions on tuition and salaries, could be transferred to the American scene (although many private schools would be unhappy about such a development). Other conditions could not easily be replicated, since they involve a complex set of interrelationships among the various parts of the educational system, and its broader role within society. Two such conditions are particularly important: the existence of a highly selective secondary educational system, which itself segregates along class lines at an early age, and a university system equally accessible to all those who have passed through the pre-university screening, in both the public and private sectors. Privatization does not necessarily contribute to class segregation in education; but it would be dangerous to extrapolate from the Dutch to the American scenes without taking this complex confluence of regulatory and broader societal factors into account.

IX. Historical Legacies

Analysis of the Dutch educational system also throws light on the interaction between historical events and present circumstances, on the ways in which the current equilibrium depends upon past equilibria and the path of adjustment during periods of disequilibrium. Specifically, the private religious primary and secondary school systems in Holland developed 50-100 years ago in response to then-prevailing conditions, but it continues today due to various forces of inertia that will be described below, even though these underlying conditions have now changed. The Dutch university system, on the other hand, was very small until the 1960's; hence it underwent its major expansion at a time when the secular welfare state was playing a more dominant role and is now largely public, non-denominational. State support to nursery schools was also established

at about the same time -- the mid-1950's. Religious nurseries which had been set up on a voluntary basis earlier were able to adapt to this development and continued to function, with state subsidies. However, many private secular nurseries were not able to cope with government regulation or competition, and went out of business. In other words, organizations which had developed sufficient political or economic power could survive and, indeed, benefit from the changing conditions, while those that hadn't died out when the initial conditions changed. As in the university system, the greatest growth occurred in the public sector.

To elaborate on the above themes: We have seen that the present school system in Holland started at a time when religion and religious differences were very important to many people. Each religion was, to a large extent, a self-contained unit, which provided jobs, newspapers, political parties and social welfare. An educational system which was 70% private, predominantly religious, was consistent with and also reinforced this underlying social segmentation. The private schools enrolled most of the Catholics and Calvinists, as well as some of the liberal Protestants.

One of the most notable developments in post-World War II Dutch society has been the trend toward secularization. This shows up in a number of ways, including, as shown in Table IV, a significant increase in the proportion of live births recorded as having "no denomination" (rising from 14% in 1940 to 35% in 1980), a decline in the proportion of Dutch Reformed (from 29% in 1940 to 13% in 1980), a liberalization within Catholicism, a merger among the Catholic and Calvinist political parties and a weakening of the other walls which separate the various denominations (e.g., people are now more likely to read the newspaper, watch the TV show or shop in the store of their individual choice, independent of religious affiliation). It is interesting to note that

these changes have taken place despite the existence of a denominational school system whose function, we might expect, was to maintain the initial set of tastes. Also, paradoxically, in the face of these sweeping changes in underlying social conditions, the public-private, religious-secular breakdown of the primary and secondary school system, established at a much earlier time, has remained stable.

How can we explain this apparent contradiction? Part of the answer, of course, may lie in a continuing parental preference for religious education during the child's formative years. In this connection, it may be noted that the proportion of Catholics and Calvinists, who are more likely to attend religious schools, has declined much less than that of the already secularized Dutch Reformed church.

Beyond that explanation, however, I believe we must take into account a number of other forces that help maintain the status quo concerning the provision of education (and other quasi-public services). For example, the religious parties are still extremely important in Holland, and through them, the religious educational associations wield considerable political power. In other words, producer groups which coalesced in response to educational developments of the early twentieth century, are now in a position to protect their interests by resisting changes in that system. In addition, we have seen that religious groups provided the entrepreneurship for establishing schools, and that spontaneous groupings of parents to start new institutions are relatively rare. This means that parents must adapt to the existing pattern of schools, rather than vice versa. Since most of the existing schools are religious, parents are more likely to find their "most preferred school" in the religious sector, even if they base their choice on factors such as convenience and quality rather than

denomination (so long as public and private schools are randomly distributed with respect to these variables).

The situation at the primary and secondary school levels may be contrasted with developments at the university and nursery levels, which had very different time sequences and outcomes. Three municipal universities were started in Holland, as in many other European countries, during the late sixteenth, early seventeenth centuries, serving the needs of the upper classes in Leyden, Groningen, and Utrecht; later a municipal university in Amsterdam was added. At the turn of the century, when the principles of religious segmentation and state aid to private lower education were established, these were augmented by two religious universities -- one Calvinist (in Amsterdam) and one Catholic (in Nijmegen) -- plus a university-level Catholic School of Economics (in Tilburg). However, although small government subsidies were received, these remained largely self-supporting until after World War II. In fact, the central government did not take over major responsibility for funding university education until the rapid enrollment expansion of the 1960's, an already secularized period. The existing religious universities then continued and increased in size (albeit with the state paying almost all of their costs and assuming a larger decision-making role) but the three original municipal universities had become "nationalized" and most of the new institutions (e.g., medical and law schools, technological institutes, and Erasmus University) were public and secular -- consistent with the prevailing ethos of the time. The private and religious share of enrollments at the university level is thus well under 50%, much less than in any other part of the educational system.[30]

Along similar lines, the central government did not take over financing of nursery schools until 1955. However, unlike universities, nurseries are small-scale operations with low capital requirements and broad-based demand; hence

many of them had been operated on a voluntary basis by religious groups before that. The religious-based nurseries were able to adapt rather easily to the government's requirements regarding minimum size, space, teacher credentials and legal form (foundation or association); indeed, this was probably a necessary condition for their passage through the legislature. The state assumption of financial responsibility was thus, in large part, a transfer payment to these groups, their workers and clientele, leaving the existing institutions intact.

Private secular nurseries had also developed before 1955, often on a proprietary basis, in the proprietor's home. Many of these did not meet the new state requirements; they did not have the capital, legal or organizational ability to adapt to the regulations nor did they have the political power to alter them (as the church groups would have done under similar circumstances). Hence, they closed down, their staff and business often taken over by new public nurseries; the shift from secular private to secular public was apparently easier for people to make than from secular private to religious private.

As a result, between 1954 and 1980, enrollments in secular private nurseries halved while Protestant and Catholic nurseries remained constant and children in public nurseries doubled, their share of the total rising from 16% to 30%. Nurseries, unlike universities, are still predominantly religious -- because religious-based nurseries had been founded during an earlier period and accumulated enough economic and political power to maintain their viability. Nevertheless, the relative share of the private sector has declined as most new demand, plus the slack created by exiting organizations, has been absorbed by the public sector.

In the nursery schools, and to an even greater extent, the primary and secondary schools, a contradiction exists between an educational system which is still primarily private and religious and a society which has become

increasingly secularized and public. What are the consequences of this contradiction and how will it be resolved? I have discussed above some of the potential problems created by the disparity between the values of school managers and society at large. For example, the former may have an incentive to perpetuate small schools with excess capacity, in order to preserve religious distinctions which are no longer valued by society -- leading to an inefficient allocation of educational resources.

Moreover, when public funds are used, as in Holland, questions arise regarding the representativeness of the decision-making structure. Recent government regulations on this very issue have required a greater role for parents, teachers, and students in both the private and public schools, and of these groups, the teachers are likely to dominate. This outcome may be viewed, too, as a compromise with the Socialists, who would prefer direct state provision but take worker control as a second best feasible alternative. Thus, the new equilibrium system emerging out of this contradiction will very likely be different from a pure private or simple government model. It will probably retain its nomimally religious character but will add elements of professional-worker-management in place of bureaucratic-state-management.

The school founders and original decision-makers, we have seen, were likely to be active members of the religious community, a characteristic they may have sought in their successors. The new decision-makers -- teachers, parents and students -- are likely to have a different set of goals, with religion probably playing a smaller role. It will be interesting to observe whether in fact the decision-making structure changes as a result of government regulation, and whether this alters the basic nature of the schools.

X. Conclusion

In summary, I have described the Dutch system of publicly funded private education as an alternative mode of delivering quasi-public services, i.e., services which provide private as well as collective benefits. The Dutch experience is consistent with my initial hypotheses about factors conducive to the development of a large non-profit sector. That is, we find a positive correlation between cultural heterogeneity and provision through NPO's; close connection between organized religion and the non-profit sector; the importance of historical legacies; and the absence of elitism as a motivating force, given the selectivity which exists in the public sector. Playing a key explanatory role is government policy toward and particularly government funding of NPO's -- which itself can be partially explained by the other variables.

This analysis suggests that the non-profit organization may be viewed as an "interest-based community" in contrast to the usual geographically based community, for providing quasi-public goods. In this sense, local governments and NPO's are competing institutional arrangements. The NPO form may have a comparative advantage in cases where product variety is possible, tastes are differentiated and economies of scale are relatively small. Diverse NPO's may be better able than government to offer a heterogeneous product mix. Moreover, provision through NPO's enables people to make separate choices about different services, rather than tying together a bundle of public goods, as is done through local governmental provision.

In the Netherlands, where peoples' choices about schools, hospitals, social services, trade unions and many other "collective" activities were traditionally church-related, through the process of verzuiling, the latter potential advantage was not realized. In effect, membership in a church community had many of the same economic implications as membership in a geographic community has in other

systems; each person had to utilize the services offered by his group, rather than making his own individual choice. However, as secularization proceeds, people may be able to make separate decisions about different public goods, independent of their choices about residence and religious affiliation.

Another potential advantage of service provision through NPO's is that this often permits some reliance on voluntary payments, thereby revealing peoples' intensity of preferences and reducing the necessary amount of taxation and tax-induced disincentive effects. The corresponding disadvantage is the free rider problem, leading to underprovision, unless the private benefit component is very large. In the Dutch system we find little scope for this advantage or disadvantage, since most costs of both private and public schools are covered by the central government. Choice exists with respect to the philosophy of education but only slightly with respect to funding or quality components which are dependent on funding.

I have also used the Dutch system as a laboratory to investigate the impact of a policy favoring private schools on important educational characteristics such as: supply of schools and school places, cost efficiency, political support for school budgets, and social segmentation along religious, class or other lines. The supply response to government funding was clearly very positive in the Netherlands, with the entry problem solved mainly by religious organizations. The cost efficiencies of the system depends largely on the existence and size of scale economies, at the prevailing enrollment levels. Some scale economies can and have been realized by sharing lumpy specialized facilities across schools. However, current data suggest that many schools have excess capacity with respect to teacher costs and space as a result of the privatization policy, so that substantial savings could be realized if entry and variety were reduced. Moreover, because a privatized system is probably slow and cumbersome to adapt

to change, these inefficiencies will probably grow in the near future as a consequence of the demographic decline.

The extensive reliance on private schools in Holland has reinforced the religious segmentation within society. If all groups prefer such segmentation, it is Pareto-efficient; but a social dilemma exists if one group prefers segmentation while another group prefers integration. Then, a choice between the two policies also implies a choice about the distribution of utility between the two groups. In Holland, the separatists won a clear victory in this struggle.

The separatist-integrationist division did not, however, correspond to a class division, nor has the private school system contributed to class segmentation. This is partially because specific mechanisms, such as restrictions on tuition charges and teacher salaries, have been adopted to maintain equality and partially because class segmentation is, instead, provided by other structures within the educational system. Relatedly, the Dutch system has probably strengthened rather than weakened the political willingness to support education, since private school budgets are directly tied to public school budgets and non-governmental financing sources are limited. This suggests that privatization does not necessarily contribute to elitism, perpetuation of class differences and weak public schools -- but elaborate structural differences between the Dutch and American educational systems and their role in society preclude easy transferability of this result.

We have seen that private schools in the Netherlands are heavily regulated by the government with respect to inputs. Disguised profit distribution through factor payments is thereby limited; it may, however, take place in nonpecuniary forms such as the preservation of inefficient underutilized schools to satisfy the objective functions of their managers. Also, but to a lesser extent, we find regulations over output characteristics (e.g., curriculum, examinations

and degree requirements) and service distribution (e.g., tuition and exclusion criteria). These are partially designed to achieve equality, but they come at the expense of the choice which the system was designed to ensure. The concern over democracy and social control has led, furthermore, to recent regulation of the decision-making structure in schools. These rules are consistent with the expectation that government financing can easily lead to government control, that there is a trade-off between more autonomy and more funds. In this trade-off, the Dutch private schools have clearly chosen the latter, so long as they can retain their specific denominational or pedagogical identity. American private schools might make divergent choices, depending on their degree of congruence with government policies and their access to alternative sources of funds.

Footnotes

*This paper was written while the author was a Fellow at the Woodrow Wilson International Center for Scholars, Washington, D.C., and Professor of Economics, S.U.N.Y., Stony Brook. It is based on published material as well as statistical data collected and interviews held with numerous government officials, educators and scholars, during a recent research visit to the Netherlands. I wish to thank all of these people, in addition to the many staff members at the Central Bureau of Statistics, who were so generous with their time. My research assistant, James Sinclair, was very helpful in assembling the tables and performing related calculations. I also appreciate the financial assistance from the Social Science Research Council and the Exxon Education Foundation for this trip and the facilities provided by the Netherlands Institute for Advanced Study during my stay in Holland. Support has been received from the National Endowment for the Humanities, the Program on Nonprofit Organizations at Yale University and the Research Foundation, S.U.N.Y., on broader aspects of this project.

[1]For other papers included in this study see E. James, "The Non-Profit Sector in International Perspective: The Case of Sri Lanka," Journal of Comparative Economics, June 1982; and "Production, Consumption and Cross-Subsidization in Non-Profit Organizations," PONPO Working Paper No. 38, ISPS, Yale University, 1982.

[2]This question is raised, with respect to the U.S. situation, in Richard Murnane, "Understanding Public and Private Schools," mimeo., ISPS, Yale University, 1981.

[3]For a discussion of non-pecuniary sources of utility to NPO managers and workers, see E. James, PONPO Paper No. 38, op. cit.

[4]The best historical summary is presented in Arend Lijphart, The Politics of Accommodation: Pluralism and Democracy in the Netherlands, (Berkeley: Univ. of California Press, 1968).

[5]See Rien van Gendt, "Netherlands" in Educational Financing and Policy Goals For Primary Schools, Vol. III, OECD, CERI, 1979. This piece is the best single source on financing primary education in Holland.

[6]If we order the provinces according to their proportion of Catholics plus Calvinists in the population, and also note the corresponding private/public shares of primary schools, we obtain the following ranking:

Province	% Catholic + Calvinist, 1977	Private/Public ratio, 1979
Limburg	88	18.2
Noord Brabant	79	8.6
Gelderland	45	2.2
Zeeland	45	1.5
Overijssel	45	1.8
Friesland	36	1.1
Utrecht	35	2.2
Groningen	31	0.8
Noord-Holland	31	1.2
Zuid-Holland	31	1.6
ZIU Polders	31	1.1
Drenthe	29	0.6

See Statistiek van gewoon lager onderwijs, Central Bureau of Statistics, The Hague, 1980, p. 14; and Voortgezet Onderwijs en Verzuiling c.g. Ontzuiling in Nederland 1953-1978, KASKI, rapport no. 366, The Hague, April 1981.

[7]Rien van Gendt, "Netherlands," op. cit.

[8]Only at the secondary vocational level do we see a deviation from this pattern, with private secular schools, often tied to enterprises or trade associations, and/or charging high fees, playing a much larger role, the public sector playing a much smaller role. This data suggests that for vocational education the private pecuniary benefit component is large enough, relative to the social, to permit a greater reliance on market-oriented forces. Also, as was the case for nursery schools, it also suggests greater interchangeability between the public and private secular sectors, than between the private secular and religious sectors; i.e., the increase in private secular was mainly at the expense of public rather than religious schools.

There are many different kinds of secondary vocational schools in Holland. Data here is presented for two of the most popular, domestic science and technical science.

[continued]

Number of Students

Domestic Science Secondary Schools

Year	Total	Public	Total Private	Protestant	Catholic	Secular Private
1935	131,215					
1946	186,092	17,712	168,380		168,380	
1950	257,790	23,030	234,760	21,185	63,407	150,168
1955	320,053	25,657	294,396	31,565	98,418	164,413
1960	469,936	28,502	441,434	66,232	148,210	226,992
1964	515,078	30,447	484,631	74,656	172,160	237,815
*1979	173,424	5,580	167,844	42,454	72,158	53,232
%1979	100%	3%	97%	24%	42%	31%

Technical Science Secondary Schools

1935	29,699	1,366	28,333		28,333	
1946	41,769	2,895	38,874		38,874	
1950	52,995	3,233	49,762	3,231	9,795	36,736
1955	63,693	4,499	59,194	5,245	16,848	37,101
1960	111,703	7,426	104,277	16,179	32,478	55,620
1964	129,297	9,473	120,824	21,272	42,338	57,214
*1979	606	62	544	100	154	29
%1979	100%	10%	90%	17%	25%	48%

*Data for 1979 is not completely comparable with earlier data since the school system changed in 1968 and data sources are different.
For technical schools in 1979 number of schools is given since number of students was not available.

Source for 1935-64: de ontwikkeling van het onderwijs in nederland, editie 1966, Central Bureau of Statistics, The Hague, 1966, p. 205.

Source for 1979: Statistiek van het beroepsonderwijs: huishoud en nyver heid-sonderwijs i technisch en nautisch, Central Bureau of Statistics, The Hague, 1979-80.

[9]Pocketbook of Educational Statistics, Central Bureau of Statistics, The Hague, 1981, p. 89.

[10]This direct payment of teachers has, in the past, resulted in an indirect subsidy to the Catholic Church and a method of financing their other activities, particularly their missionary work abroad. Previously (less so now), much teaching in Catholic schools was done by nuns and priests, who immediately turned their state-paid salaries over to the church. Thus, schools were a "profitable" activity used to cross-subsidize other "loss-making" activities in which the church wished to engage.

[11]A computational problem arises here: how do we calculate public school costs when factors such as management, cleaning and gardening are jointly supplied to schools and other municipal activities? Marginal costs to the municipality may be low, particularly in the short run, but average costs may be high. Since no clearcut "right" way exists, an agreement is worked out between each municipality and the various private educational associations. The vigilance and negotiation needed to achieve this agreement is one of the costs of the Dutch system.

Another problem arises when actual expenditures on public schools differ from expected expenditures. While initial payments are made on the basis of "expected public school costs," every five years the actual costs are calculated and any deficit is paid to the private schools at that time (the privates, however, are not expected to repay a net surplus).

[12]In other words, the revenues available to the municipalities depend on past expenditures plus a variety of exogenous factors. But if past expenditures affected present funding, then present expenditures may affect future funding, so the possibility exists for strategic game-play between the local and central governments.

[13]There are a few special schools, e.g., those for problem children or those following the British or American curriculum, that remain outside the state system and finance themselves by private fees.

[14]This differs from the situation reported by Ralph Kramer (Voluntary Agencies in the Welfare State, Berkeley: University of California Press, 1981), regarding social welfare services, particularly for the handicapped, in the Netherlands and three other countries. According to Kramer, Dutch welfare organizations receive government funds with few strings attached. My own study of the welfare field, however, suggests that most strings are attached to the input side rather than the output side, which Kramer might have been more interested in. Thus, government funds are often tied to particular factors -- usually personnel -- with numbers, qualifications and salaries often specified. Also, recent legislation has given these workers greater decision-making power over the organizations. Regulations that are input rather than output oriented are consistent with my hypothesis that producer rather than consumer interests are often protected.

[15]See, for example, Lijphart, p. 53 and E. Gadourek, A Dutch Community (Groningen: Walters, 1961), pp. 544-7. Gadourek quotes from texts used by each of the groups on sensitive subjects such as the Reformation and the war of independence from Spain; the contrasts are striking.

[16]de ontwikkeling van het underwijs in nederland, editie 1966, Central Bureau of Statistics, The Hague, 1966, p. 69. For example, in 1930, only 26% of Roman Catholic primary schools were co-ed, compared with 76% overall; by 1962 these numbers were 36% and 46%, respectively. In 1930, 57% of all Catholic primary teachers were female, compared with 38% in Protestant and 44% in public schools; the numbers were 57%, 47% and 51% by 1962.

[17]See Lijphart, op. cit., pp. 144-162 for a discussion of deference and passivity among the Dutch rank and file. See Kramer, op. cit., p. 25, for references to the apathy problem. This "problem" was also raised by many of the people I interviewed.

[18]The evidence is inconclusive on the shape of cost functions in education. Probably scale economies are greater in secondary education than in primary education; they probably continue until enrollments reach 200 or 300 in the latter, 500 or 600 in the latter. However, difficulties in measuring educational output, particularly quality, make these calculations particularly difficult and suspect. See, for example, Elchanan Cohn, The Economics of Education (Cambridge, Mass.: Ballinger, 1975), pp. 263-69; and Martin O'Donoghue, Economic Dimensions in Education (Chicago: Aldine, 1971), pp. 154-160, for reference to American and OECD studies, respectively.

[19]The schedule relating numbers of students to teachers is as follows: up to 26 pupils = 1 teacher; up to 61 = 2; 91 = 3; 125 = 4; 156 = 5; 196 = 6. See van Gendt, op. cit., p. 20.

[20]Offset against this are possible positive effects on quality of education, stemming from the lower student-faculty ratio. Also, a school which has fewer than six teachers must mix at least two class-age groups, again with possible (positive or negative) quality effects. The point is, however, that the higher costs are not being incurred because of a policy decision to purchase higher quality, but rather as a consequence of a policy encouraging private schools and easy entry, without serious study of the trade-offs between costs, quality, and product variety. For a discussion of the indecisive evidence on whether student/faculty ratios and class size affect educational achievement, see Cohn, pp. 240-256, O'Donaghue, pp. 163-172, and Eric Hanushek, "Throwing Money at Schools," Journal of Policy Analysis and Management, Vol. I, Fall 1981, pp. 19-41.

[21]For example, from Table IA we can see that average primary school size in 1979 was only 144 for Protestants, compared with 189 for Catholics, who are less divided and more geographically concentrated. The municipal schools, too, had an average size of 144; in many communities, the number of children "left over" from the private sector is barely enough to justify a single public school. At the secondary school level we can see from Table IIA that these numbers were 484 (Protestant), 577 (Catholic) and 557 (public), respectively.

[22]See Tweede Interimadvies van de Interdepartementale Werkgroep Regeling Rijksuitkeringen Kleuter-En Lager Onderwijs (Werkgroep LONDO), Ministry of Education, The Hague, 1981, pp. 79-84.

[23]See van Gendt, op. cit., p. 29.

[24]See Statistiek van het gewoon lager onderwijs, The Hague: Central Bureau of Statistics, The Hague, 1979-80, p. 19. Interestingly, those Moslem groups have been discouraged from setting up their own schools, although some of them have expressed an interest in doing so. Part of the reason is that they do not want to follow the required rules regarding curriculum, teacher training, etc. It may also be observed that these groups do not have the same political power as do the Christian denominations; hence they fit the role of the subordinate minority to the dominant Christian-secular majority, as in model A.

[25]Data on current class breakdowns of various schools is difficult to secure. However, some historical data is available. For example, during the 1950's enrollments in the public junior secondary schools were 6% upper class, 51% middle class, 43% lower class, while in the private sector these numbers were 5%, 55% and 40% respectively. Enrollments in public secondary grammar schools were 27% upper class, 50% middle class, 23% lower class, compared with 21%, 54%, 25% in the private sector. These numbers suggest a slight tendency

for the upper classes to attend public schools, the middle classes private schools. However, the aggregated data does not allow us to test whether these small differences were statistically significant. See de ontwikkeling..., op. cit., p. 46.

[26]This also means that inner city schools cannot use higher salaries to compensate for their disadvantageous position; salary equality can sometimes imply competitive inequality overall. In a few cases, private schools in wealthy communities tried to attract superior teachers by offering subsidized housing or small class sizes; however, these were unusual and temporary situations.

[27]Pocketbook of Educational Statistics, Central Bureau of Statistics, The Hague, pp. 62-66.

[28]Ibid., pp. 36 and 60-65. It should be noted that some cross-over opportunities do exist; i.e., the choice at age 12 is not irrevocable. For example, a student could enroll in MAVO, switch to HAVO, then to VWO, and eventually attend the university. However, such a student would lose considerable time and would be at a disadvantage in the national exams given at the end of VWO, which influence admissibility to certain university fields.

[29]See de ontwikkeling..., op. cit., p. 46.

[30]For a historical discussion of the private and public sectors in Dutch higher education, see Roger Geiger, "Parallel Public and Private Sectors," mimeo., ISPS, Yale University, 1981.

Table I A. Number of Public and Private Primary Schools, 1850-1979

Year	Total	Public	Total Private	Protestant	Catholic	Other
1850	3277	2446	831			
1860	3574	2501	1073			
1865	3623	2565	1058			
1870	3727	2608	1119			
1875	3807	2688	1119			
1880	3883	2774	1109			
1885	4097	2923	1174			
1890	4258	2959	1299			
1895	4442	3052	1390			
1900	4607	3127	1480			
1905	4942	3255	1687			
1910	5363	3303	2060	1048	933	79
1915	5714	3368	2346	1164	1082	100
1920	6163	3457	2706	1340	1280	86
1925	7434	3694	3740	1726	1882	132
1930	7439	3325	4114	1805	2175	134
1935	7175	2738	4437	1911	2383	143
1938	7021	2564	4457	1907	2402	148
1945	6741	2331	4410	1894	2389	127
1950	6895	2324	4571	1951	2486	134
1955	7410	2451	4959	2131	2684	144
1960	7700	2471	5229	2248	2833	148
1965	7923	2541	5450	2393	2899	158
1970	8225	2670	5555	2501	2891	163
1975	8568	2881	5687	2658	2837	192
1979	8685	2997	5688	2699	2761	228

Table I B. Primary School Enrollments, 1850-1979

Year	Total	Public	Total Private	Protestant	Catholic	Other
1850	369118	284440	84678			
1860	410359	323408	86951			
1865	437259	345186	92073			
1870	474448	364394	110054			
1875	509690	386293	123397			
1880	540995	407792	133203			
1885	593656	432312	161344			
1890	642978	454926	188052			
1895	690566	477101	213465			
1900	739810	508276	231534			
1905	845096	566464	278632			
1910	904142	562824	341318			
1915	981428	570791	410637			
1920	1031694	570324	461370			
1925	1077952	500768	577184			
1930	1182528	446397	736131	295507	422833	17791
1935	1141976	378920	763056	293367	451788	17901
1938	1143114	357675	785439	297333	469176	18930
1945	1172337	319279	853058	324586	510701	17771
1950	1215782	332628	883154	334658	525920	22576
1955	1452246	417262	1034984	397049	610555	27380
1960	1415703	379837	1035866	383910	625904	26052
1965	1409017	372917	1045748	391574	626818	27356
1970	1462376	401759	1060617	402093	629206	29318
1975	1453467	433820	1019647	403834	583121	32692
1979	1379866	433376	946490	387604	522403	36483

Table I C. Primary School Enrollments, 1850-1979--Public and Private Percentages

Year	Total	Public	Private Total	Protestant	Catholic	Other
1850	100	77	23			
1860	100	79	21			
1870	100	77	23			
1880	100	75	25			
1890	100	71	29			
1900	100	69	31			
1910	100	62	38			
1920	100	55	45			
1930	100	38	62	25	36	2
1938	100	31	69	26	41	2
1945	100	27	73	28	44	2
1950	100	27	73	28	43	2
1955	100	29	71	27	42	2
1960	100	27	73	27	44	2
1965	100	26	74	28	44	2
1970	100	28	72	27	43	2
1975	100	30	70	28	40	2
1979	100	31	69	28	38	3

Sources for Tables IA, B & C: 1850-1964: de ontwikkeling van het onderwijs in nederland, editie 1966, Central Bureau of Statistics, The Hague, 1966, pp. 65, 66.

1964-79 statistiek van het gewoon lager onderwijs, Central Bureau of Statistics, The Hague, 1966-7, 1971-2, 1976-7, 1979-80.

Table II A. Enrollments in General Secondary Schools, 1850-1980

Year	Total	Public	Total Private	Protestant	Catholic	Other	Total	Public	Total Private	Protestant	Catholic	Other
		Grammar Schools, 1850-1964					Secondary Junior Schools 1930-1964					
1850	1749	1749										
1860	1817	1817										
1870	4312	4264	48									
1880	6932	6615	317									
1890	9409	9184	225									
1900	13423	12195	1228									
1910	18899	16448	2451									
1920	35044	26232	8812									
1930	45190	27383	17807	6106	7935	3766	61184	27127	34057	15596	16428	2033
1938	61693	32791	28902	10175	13650	5077	99582	39483	60099	27422	30136	2541
1945	76369	36705	39664	14009	19840	5813	116187	40232	75955	32401	41062	2492
1950	83310	36208	47102	15756	23736	7610	127848	41667	86181	38345	44852	2984
1955	108845	41755	67090	22551	35797	8742	169507	54887	114620	51003	60401	3216
1960	170253	60371	109882	37964	60151	11767	264929	86307	178622	81267	92253	5102
1964	202170	66570	135600	45375	77375	12850	276203	79222	196981	83036	107916	6029
		* General Secondary (Grammar plus Junior), 1970-1980										
1970	591311	166497	424814	158432	240023	26359						
1975	766391	210553	555838	203966	306293	45579						
1979	823594	228318	595276	222811	321249	51216						
1980	823730	227894	595836	223897	319099	52840						

*In 1968 the Dutch secondary school system was changed. The grammar and junior secondary schools were combined into a group of "general secondary programs" known as MAVO, HAVO and VWO. Different schools offered varying combinations of these three program VWO is the direct pre-university track and the smallest of the 3 programs. MAVO, in some respects, corresponds to the secondary junior, and is the largest.

Sources:

1850-1964: de ontwikkeling van het onderwijs in nederlands, editie 1966, Central Bureau of Statistics, The Hague, 1966, pp. 119, 120, 148.

1970-1980: Statistiek van VWO, HAVO en MAVO, Central Bureau of Statistics, The Hague, 1970-1971, 1976-1977, 1980-1981.

Table II B. Percentage Enrollments in General Secondary Schools

Year	Total	Public	Total Private	Protestant	Catholic	Other	Total	Public	Total Private	Protestant	Catholic	Other
		Grammar Schools, 1850-1964						Junior Schools 1930-1964				
1850	100	100										
1860	100	100										
1870	100	99	1									
1880	100	95	5									
1890	100	98	2									
1900	100	91	9									
1910	100	87	13									
1920	100	75	25									
1930	100	61	39	13	18	8	100	44	56	26	27	3
1938	100	53	47	17	22	8	100	40	60	27	30	3
1945	100	48	52	18	26	8	100	35	65	28	35	2
1950	100	43	57	19	29	9	100	33	67	30	35	2
1955	100	38	62	21	33	8	100	32	68	30	36	2
1960	100	35	65	22	35	7	100	33	67	31	35	2
1964	100	33	67	22	38	6	100	29	71	30	39	2
		General Secondary, 1970-1980										
1970	100	28	72	27	41	4						
1975	100	27	73	27	40	6						
1979	100	28	72	27	39	6						
1980	100	28	72	27	39	6						

Sources:

1850-1964: de ontwikkeling van het onderwijs in nederlands, editie 1966, Central Bureau of Statistics, The Hague, 1966, pp. 119, 120, 148.

1970-1980: Statistiek van VWO, HAVO en MAVO, Central Bureau of Statistics, The Hague, 1970-1971, 1976-1977, 1980-1981.

Table III A. Relation Between Socio-Economic Class and Sixth Grade Test Score, 1977: Percentage in Each SES Receiving Each Test Score*

SES \ Test Score	P1	P2	P3	P4	P5	Total
High Salary	3	15	32	37	13	100%
Middle Salary	5	19	34	31	11	100%
Low Salary	8	24	34	27	7	100%
Self-employed (with workers)	8	25	34	27	6	100%
Self-employed (without workers)	11	29	33	23	4	100%
Workers	16	34	29	18	3	100%
Other	22	32	27	16	3	100%

*May not add to 100% in each row because of rounding error. Note that P1 is the lowest possible test score, P5 the highest.

Source: Derived from Pocketbook of Educational Statistics, Central Bureau of Statistics, The Hague, 1981, pp. 112-113.

Table III 8. Relation Between Test Score, SES and School Advice, 1977: Percentage Advised to Attend Each School Type, Holding Test Score and SES Constant*

SES / School Type	VWO & HAVO	HAVO & MAVO	Jr. VOC.	Other	Total
P1					
High Salary	-	24	50	26	100%
Middle Salary	1	14	58	27	100%
Low Salary	1	12	63	24	100%
Self-employed (with workers)	-	14	66	20	100%
Self-employed (without workers)	-	11	69	20	100%
Workers	-	7	75	18	100%
Other	-	5	76	19	100%
P2					
High Salary	7	57	23	13	100%
Middle Salary	4	48	35	13	100%
Low Salary	4	42	44	10	100%
Self-employed (with workers)	2	43	46	9	100%
Self-employed (without workers)	1	37	54	8	100%
Workers	2	29	59	10	100%
Other	2	27	62	9	100%
P3					
High Salary	34	55	6	5	100%
Middle Salary	25	58	12	5	100%
Low Salary	20	58	15	7	100%
Self-employed (with workers)	18	58	16	8	100%
Self-employed (without workers)	13	55	24	8	100%
Workers	11	58	26	5	100%
Other	15	55	23	7	100%
P4					
High Salary	75	22	1	2	100%
Middle Salary	69	27	1	3	100%
Low Salary	60	35	1	4	100%
Self-employed (with workers)	60	35	4	2	100%
Self-employed (without workers)	50	39	8	3	100%
Workers	48	43	6	3	100%
Other	51	40	5	4	100%
P5					
High Salary	97	2	-	1	100%
Middle Salary	93	4	-	3	100%
Low Salary	90	6	-	4	100%
Self-employed (with workers)	90	8	-	2	100%
Self-employed (without workers)	85	10	-	5	100%
Workers	87	5	4	3	100%
Other	89	7	-	4	100%

*May not add to 100% in each row because of rounding error. Note that P1 is the lowest possible test score, P5 the highest.

Source: Derived from Pocketbook of Educational Statistics, Central Bureau of

Table III C. Relation Between SES and School Advice, 1977: Percentage in Each SES Receiving Each School Advice

SES \ School-Type	VWO & HAVO	HAVO & MAVO	Jr. Voc.	Other	Total
High Salary	53	35	7	5	100%
Middle Salary	41	38	14	7	100%
Low Salary	30	41	21	8	100%
Self-employed (with workers)	28	41	24	7	100%
Self-employed (without workers)	19	40	33	8	100%
Workers	15	36	41	8	100%
Other	16	31	43	10	100%

Source: Tables III A and III B. Also see Pocketbook of Educational Statistics, op cit. pp. 110-111.

Table IV. Religious Affiliations of Newborn Babies

By Percentages, 1940-1984

Year	Dutch Reformed	Calvinist	Catholic	Other	None
1940	29	10	44	3	14
1945	30	10	46	2	13
1950	28	10	47	2	14
1955	26	10	46	2	16
1960	24	10	46	2	17
1965	23	11	45	2	20
1970	20	11	41	3	25
1975	16	11	37	5	31
1980	13	11	33	7	35
1984*	11	10	31	8	40

*Estimated

Source: "Voortgezet Onderwijs en Verzuiling c.g. ontzuiling in nederland 1953-78," KASKI rapport no. 366, The Hague, 1981, pp. 53, 69.

Table V A. Number of Nursery Schools, 1860-1980

Year	Total	Public	Total Private	Protestant	Catholic	Other
1860	723	68	655			
1870	832	77	755			
1880	908	105	803			
1890	991	132	859			
1900	1069	147	922			
1910	1259	163	1096			
1920	1352	214	1138			
1930	1850	288	1562	376	928	258
1938	2328	226	2102	544	1082	476
1945	1963	190	1773	460	969	344
1950	3184	333	2851	880	1264	707
1954	3563	374	3189	983	1386	820
1960	4440	870	3530	1328	1635	567
1964	5090	1118	3972	1566	1869	537
1979	7942	2380	5562	2422	2660	480
1980	8050	2450	5600	2461	2675	464

Sources: 1860-1964 Same as Table I, pp. 53-54

1979-1980 Het Kleuteronderwijs in 1980-81, Central Bureau of Statistics, The Hague, December 1981, p. 15.

Table V B. Nursery School Enrollments, 1860-1980

Year	Total	Public	Total Private	Protestant	Catholic	Other
1860	49,517	9,480	40,037			
1870	73,321	13,298	60,023			
1880	91,326	19,268	72,058			
1890	103,860	23,564	80,296			
1900	117,533	27,061	90,472			
1910	135,600	30,200	105,400			
1920	138,522	33,874	104,648			
1930	178,687	39,043	139,644	33,183	92,629	13,832
1938	213,365	31,560	181,805	44,617	111,421	25,767
1945	209,726	29,226	180,500	47,183	111,088	22,229
1950	341,484	56,379	285,105	82,362	156,855	45,888
1954	371,424	59,766	311,658	88,530	175,273	47,855
1960	397,843	84,061	313,782	102,038	181,897	29,847
1964	446,782	98,985	347,797	117,537	200,873	29,387
1979	418,499	125,831	292,668	118,563	151,840	22,265
1980	409,576	124,341	285,235	117,107	146,844	21,284

Sources: 1860-1964 Same as Table I, pp. 53-54

1979-1980 Het Kleuteronderwijs in 1980-81, Central Bureau of Statistics, The Hague, December 1981, p. 15.

Table V C. Nursery School Enrollment, 1860-1980 -- Percentages

Year	Total	Public	Total Private	Protestant	Catholic	Other
1860	100	19	81			
1880	100	21	79			
1900	100	23	77			
1920	100	24	76			
1930	100	22	78			
1938	100	15	85	21	52	12
1945	100	14	86	22	53	11
1950	100	17	83	24	46	13
1954	100	16	84	24	47	13
1960	100	21	79	26	46	8
1964	100	22	78	26	45	7
1980	100	30	70	29	36	5

Sources: 1860-1964 Same as Table I, pp. 53-54

1979-1980 Het Kleuteronderwijs in 1980-81, Central Bureau of Statistics, The Hague, December 1981, p. 15.

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